

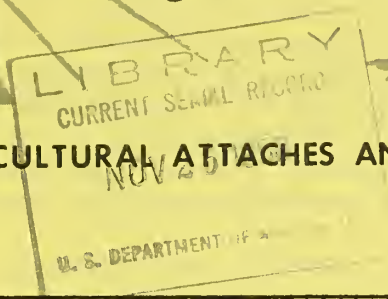
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Spotlight ON FOREIGN MARKETING

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TO U.S. AGRICULTURAL ATTACHES AND FAS STAFF MEMBERS

Vol. 1, No. 4

March 15, 1957

IMPORTANT CHANGES IN OFFICIAL GRAIN STANDARDS WERE ANNOUNCED BY THE DEPARTMENT ON MARCH 8. The revision, which becomes effective June 15, will have the effect of improving the quality of wheat represented by U.S. grades. The important changes are as follows:

1. A reduction in the limits of total foreign material to 0.5%, 1.0%, 2.0% and 3.0% in grades 1, 2, 3, and 4, respectively, compared with 1.0%, 2.0%, 3.0%, and 5.0%, now permitted. The factor, "matter except other grains" is eliminated.
 2. A reduction in shrunken and broken kernels in Nos. 1 and 2 to 5.0% and in No. 3 to 8.0%. Present tolerances are 7.0% for Nos. 1 and 2 and 10% for No. 3.
 3. A reduction in the limits of wheats of other classes in No. 2 grade to 5.0%. Present tolerances are 5%, 10%, and 10% for grades Nos. 1, 2 and 3, respectively.
 4. An increase in the minimum limits of dark, hard, and vitreous kernels in the subclass Hard Winter Wheat from "more than 25%" to 40%.
 5. The elimination of "Amber Mixed Durum" and "Mixed Durum" from the grade designation in the class Mixed Wheat; and
 6. A provision that distinctly low quality be determined on the basis of the sample as a whole, that is, before the removal of dockage.
- (Copies of the Federal Register and the press release (786-57) are being mailed to all Attaches.)

QUALITY STANDARDS AND INSPECTION OF U.S. FARM PRODUCTS for export are important subjects to Attaches in their market promotion work. FAS is in the process of issuing an operation memorandum which will (1) spell out certain Department policies, regulations and actions relating to quality of exported agricultural commodities and (2) to establish general guidelines for agricultural attaches and others to follow in the handling of quality complaints or questions on the part of foreign importers. This memorandum should serve as a useful tool in furthering export trade in a broad and complex field.

EXPORT SALES OF BEEF AND DAIRY CATTLE HOLD PROMISE. During the past several years many types of U.S. cattle have been sold abroad to improve foreign herds. Through careful breeding by leading farms and ranches, the U.S. has developed strains of beef and dairy cattle which can thrive in most foreign climates and fulfill the purposes for which they were intended. Reports from foreign buyers indicate satisfaction with most recent purchases, and a willingness to increase buying in the future. Every means possible should be used to follow through on this program.

Sales thus far have been based on many factors: increased contracts between U.S. breeders and foreign buyers at livestock shows and trade fairs both in the U.S. and abroad; advertising in trade journals; contacts made by USDA marketing specialists, and breed associations.

The Pan American Livestock Exposition, held annually in Texas, is a good example of a point of contact. Since the Exposition's inception in 1953, over 1400 international cattlemen have purchased more than \$6 million worth of purebred stock. Last year 18 countries from Latin America, Europe and the Middle East sent representatives to Dallas. Contacts were made with U.S. breeders from 16 States. Sales amounted to over \$1,650,000.

21 HEAD OF U.S. PUREBRED POLLED HEREFORDS SOLD TO BRITAIN, reversing a 150-year-old trend. Three bulls and 18 cows were selected by a committee formed through the British Hereford Society. Reportedly valued at over \$50,000, the cattle were flown to Prestwick, Scotland.

EXPORT SALES OF U.S. CATTLE TO MEXICO HAVE BEEN GOING WELL. Last October 31st a \$5 million loan was approved by the Ex-Im Bank to finance the transactions. The Mexican Minister of Agriculture recently announced that 15,000 head of beef breeding stock at a value of nearly \$3 million and 3,000 head of dairy breeding cattle, valued at approximately \$900,000, have been sold to Mexican buyers. According to more recent information the entire amount of the loan has been spent. The sale has been completed satisfactorily. Much of the credit for this excellent market development project goes to the Agricultural Attache in Mexico City.

FAS HAS TWO PROJECTS TO DEVELOP CATTLE MARKETS IN PERU for U.S. beef cattle breeding stock. Using Section 104(a) funds to underwrite the air transportation costs, 26 privately consigned young bulls from Florida and Texas were flown to Peru last November where they were exhibited at the Second Annual Piura Livestock Show prior to being sold at public auction. The bulls attracted much interest on the part of Peruvian stockmen and brought favorable prices compared with locally bred cattle.

A follow-up project, again using local currency funds for air fares, brought a small group of influential Peruvian breeders to the Florida State Fair and the Houston Fat Stock Show. The group visited numerous ranches and established personal contacts with U.S. breeders and representatives of breed associations, and purchased 29 head of young beef breeding cattle so far.

GOOD NEWS FROM BANGKOK ON MILK RECOMBINING. Reports from Thailand indicate that Foremost Dairies' new milk recombining plant in Bangkok is operating according to plan. 700 gallons per day are being sold commercially.

Under an FAS market development project agreement with Dairy Society International, programs of education, advertising and public relations will be carried out to make the Thais conscious of the values of milk in their daily diet. The programs will be carried out in schools, hospitals and public institutions on a sample basis. Publicity material is to appear in local newspapers, magazines and over radio broadcasts. D.S.I. has a full time nutritionist in Bangkok to handle the educational aspects of the operation.

The Department has been cooperating with the U.S. dairy industry in promoting the establishment of recombining plants to help build up consumer demand in milk deficient areas abroad. These plants use U.S. nonfat dry milk solids and anhydrous milk fat. The milk and milk products made from these ingredients are comparable to those made from fresh whole milk.

COTTON EXPORT PROGRAMS FOR 1957-58 HAVE BEEN ANNOUNCED. Shipments of CCC stocks of upland cotton will be made in the program for that year after August 15, 1957. Sales will be made on a competitive bid basis, as now. Cotton products export program will be continued for same period. Announcement is made ahead of actual shipping date to inform domestic cotton industry, as well as foreign users of cotton, of the Department's export sales policy. Thus informed, they can begin to make sales and purchases for the new year.

In general, the new program is basically the same as last year. Purchasers will be required to make shipment of the cotton (1) within 9 months after delivery or the warehouse receipts to purchaser, or (2) by July 31, 1958, whichever is earlier. Current programs provide for export within 12 months or by August 15, 1957, whichever is earlier.

MARKET DEVELOPMENT PROGRAMS FOR COTTON are moving into high gear in many parts of the world. The Cotton Council International, foreign promotion wing of the National Cotton Council of America, is promoting the efforts with FAS. The purpose is to push sales of cotton products and new end uses. Reports indicate the following: 34 staff specialists are actually engaged in market research and sales promotion on programs serving 275 million consumers in Europe. 100 percent support for cotton promotion in Austria by spinning mills; several Japanese cotton mills will out-promote the Japanese Cotton Institute in their 1957 programs.

In Japan such great interest has been aroused in promotion among certain cotton mills that five of them are undertaking their own individual promotion programs during this year. They plan to spend ten times more than the total amount which the Institute has at its disposal for its own industry-wide general campaigns. Further, there is a considerable increase in cotton consumption on the domestic market. This improves cotton's position in relation to other fibers. The upward trend in cotton acceptance has instilled an air of confidence which according to the consensus among industry people, will put cotton sales in a forward position.

The success of the world-wide cotton promotion is based upon sound advertising and merchandising methods, plus well-planned public relations programs. All efforts are being worked on a cooperative basis from growers to retailers of end goods by both national and international organizations. It is a healthy sign, and a program in which agricultural attaches can take an active part in its planning and operation.

Programs are now underway in Japan, France, Italy, Spain, Germany, Austria, Switzerland and Belgium.

WORLD AFFAIRS AND THE AMERICAN FARMER ARE INSEPARABLE. The difficulties and complexities of promoting peace and markets for agricultural commodities follow parallel lines in the daily work of the Agricultural Attache.

There is increasing opportunity for American agriculture to continue to expand its dollar trade with the rest of the world. The horizon is bright. World trade as a whole has been making significant advances. But efforts to expand trade are constantly drawing upon the attache's ability to perform equally well in the striped trousers of a diplomat, as well as the gray flannel overalls of a U.S. agricultural representative. To help clarify and strengthen his position in these important activities, copies of Assistant Secretary Earl Butz' statement entitled "WORLD AFFAIRS AND THE AMERICAN FARMER" have been mailed to all Attaches. (USDA 495-57)

With this issue: "Marketing Notes - U.S. Tobacco," first of a series of pertinent facts on U.S. agricultural commodities.

EX-IM BANK CREDIT FOR FINANCING PURCHASES OF SURPLUS AGRICULTURAL COM-MODITIES is underway. The first credit issued under the Bank's stepped-up program for surplus agricultural commodities was for \$2.25 million for about 30,000 tons of wheat. The purchaser is a Peruvian firm. The credit is for one year's duration and will be guaranteed by a Peruvian bank.

When a purchase is arranged under the plan, the country bank where the importing firm is located will open a letter of credit, through a designated U.S. commercial bank, for account of the importing firm and in favor of the U.S. exporter. Payments by the issuing U.S. bank will be guaranteed by the Ex-Im Bank. The exporter will draw drafts, with documents attached, on the importing firm with the bank in that country guaranteeing or accepting the paper, payable one year from date with interest.

THE FOLLOWING COMMODITIES ARE OFFERED FOR SALE BY CCC DURING MARCH:

Butter, nonfat dry milk solids, cheddar cheese, wool, cotton (upland and extra long staple), cotton linters, peanuts, corn, wheat, oats, barley, rye, grain sorghums, rice (milled), dry edible beans, gum rosin, and gum turpentine. The only revision from last month is the addition of red kidney and pea beans.

ADDITIONAL GOVERNMENT-OWNED BULK CARGO SHIPS ARE BEING RELEASED from the reserve "moth ball" fleet for movement of U.S. Government-sponsored cargoes. As of March 12, 114 ships have been authorized for shipment of agricultural commodities -- 70 for bulk grain, and 44 for berth. Sixty-two of the 114 ships are now in service -- 48 for bulk grain, and 14 for berth. On January 1st there were 24 of the total number of newly authorized ships in service.

U.S. FARM EXPORTS SET RECORDS FOR FIRST SEVEN MONTHS of the 1956-57 fiscal year. Value is estimated at \$2.75 billion, up 45% above corresponding period in 1955-56 when total was \$1.9 billion, and quantity rise was 51%. The July-January 1956-57 export quantity index (1952-54 average equals 100) rose to 170 from 113 for period a year earlier.

SALES OF DRY EDIBLE BEANS ARE BEING PROMOTED IN LATIN AMERICA. A market development project agreement was signed recently by the Western Bean Dealers, Inc., and FAS. The project calls for market research and analysis to expand sales. Marketing specialists, representing the Department and the Association, are now making their surveys.

CANNED AND FROZEN CITRUS FRUIT JUICES STILL PACK PLENTY OF VITAMIN C. Tests run on vitamin "C" content of canned and frozen citrus juices show little difference from the fresh product. The tests were measured in miligrams of ascorbic acid per 100 grams edible portion. The results should prove especially valuable in promoting export sales of citrus products. Tests were conducted independently by USDA and the University of Wisconsin.

Vitamin C Content of Fresh, Canned and Frozen Citrus Juices
(Expressed as miligrams of ascorbic acid per 100 grams edible portion)

Commodity	Fresh	Canned	Frozen
Grapefruit	40	35	38
Lemons	50	42	44
Limes	27	-	-
Oranges	49	42	47
Tangerines	31	26	-

MARKETING NOTES - U. S. TOBACCO

SUPERIOR QUALITY. The United States has been the major exporter of cigarette tobaccos in the world because U. S. cigarette tobaccos are superior in quality to any other cigarette tobacco in the world. U. S. tobacco is required to produce good American-type blended cigarettes which are popular in most countries of the world.

TYPES OF U. S. TOBACCO.

- (a) Flue-cured - known to foreign buyers as Virginia. Noted for its excellent flavor, aroma and body; no other country has been able to duplicate these characteristics. Major export type, represents 85% of U. S. export trade.
- (b) Burley. Noted for its ability to absorb sweetening and flavoring sauces. No other country has been able to successfully grow this type. Used in blending for cigarettes and smoking tobacco.
- (c) Maryland. Noted for its even burning capacity and neutral flavor and aroma. Improves burning quality of blended cigarette without affecting flavor and aroma.
- (d) Dark tobaccos (air-cured and fire-cured). These tobaccos are darker and stronger than the cigarette types. Used primarily in the manufacture of dark-type cigarettes, chewing tobacco, smoking tobacco and snuff.

ADVANTAGES OF U. S. TOBACCO.

- (a) Superior flavor, aroma and body.
- (b) Adequate stock position of all types.
- (c) Best marketing by private industry.
- (d) Best adaptability to changing demand.

NUMEROUS REPUTABLE EXPORTERS. U. S. tobacco is purchased on supplier's sample basis. U. S. exporters have had a long-standing reputation for supplying the exact tobacco requirements of foreign manufacturers.

CREDIT FACILITIES. In addition to commercial credit, the following loan facilities provide credit on export sales.

- (a) CCC has an export credit sales program which provides credit on export sales of tobacco pledged to CCC for loan. (Ref. "CCC Initiates Program of Export Credit Sales" USDA Release 395-56.)
- (b) Export-Import Bank loans. (Ref. "Export-Import Bank to Provide Additional Credit Assistance" USDA Release 2676-56.)

PRICING. Even though prices of low and medium grade U. S. leaf increased last year, it is a "good buy" considering its high quality and desirable characteristics. No price quotations available. Individual exporters quote prices to importers on sample basis.

SPECIAL PROGRAMS. In addition to straight commercial sales for dollars, which represented 88% of total sales in FY 1956, the following programs are helpful in expanding exports.

- (a) Public Law 480. All types of U. S. tobacco are eligible for sale under Title I.
- (b) Section 402 of P.L. 665. Last year over \$2 million worth of U. S. tobacco was sold as a part of triangular trade transactions under this program.
- (c) CCC offerings of dark tobacco on bid basis. In order to help dispose of old stocks of dark tobacco, CCC announced last year that certain stocks of dark tobacco would be offered for sale, for export, on a competitive bid basis.

Tobacco Division, FAS, 3/11/57

NOTE: This supplement to "SPOTLIGHT" is the first of a series intended to provide Attache's with "selling points" on U. S. agricultural commodities.

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